

2009
University
of Wisconsin
Foundation
Annual Report
on Stewardship

ACCESS 2009



*“UW alumni and friends
know what it is like to
be you because they were
you, and now they want to
reflect on their experience
by giving back—by
supporting you!”*

HOLLY HARTUNG (X'12 BA, L&S). SHE HAS WORKED FOR THE UW FOUNDATION FOR TWO YEARS—BOTH AS A TELEFUND CALLER AND AS A SUMMER INTERN.

On the cover, Regina Lapate in the electrodes and Aaron Heller, sporting a geodesic sensor net, are just two of our featured University of Wisconsin-Madison students whose research couldn't be done anywhere else. And it couldn't happen without your support. You'll find them at the Center for Investigating Healthy Minds at the Waisman Center and on page 16 of this report.

You can find out more about Aaron and Regina and explore expanded stories and additional content online. We hope you'll take a look and, please, let us know what you think.

supportuw.org/annualreport

2009 UNIVERSITY OF WISCONSIN ANNUAL REPORT ON STEWARDSHIP

THIS YEAR'S MESSAGE is not only one of thanks, but it also is a farewell. After more than two decades as president and CEO of the University of Wisconsin Foundation, I pass the baton to Michael M. Knetter, Nicholas Dean of the Wisconsin School of Business and Vice Chancellor for Advancement.

The UW Foundation has had only two presidents in its 65-year history. This indicates impressive longevity, to be sure, but the reason I come to the office every day is that I truly enjoy the job. I believe Bob Rennebohm, the Foundation's first president, would have concurred. I have worked with outstanding people on behalf of one of the world's great educational institutions. As careers go, it doesn't get more rewarding.

I had thought about tallying up miles traveled since 1988, but more important to me are the many stories shared; the projects undertaken, completed and celebrated; the lessons learned, and the friends made. After 22 years, I am still amazed at, and grateful for, the generosity of our alumni and friends. Your gifts are indeed the difference between a great university and an extraordinary one.

Lately, I have been composing my answer to the inevitable question "What did you do before you retired?" I decided my response will be that I tried to give thoughtful, loyal people

**the opportunity to invest in
their hopes for a better world.**

It has been a privilege to be associated with the University of Wisconsin-Madison, the UW Foundation and, of course, all of you, our alumni and friends. Thank you and, as always, On Wisconsin.

Sincerely,



ANDREW A. WILCOX

President and CEO, University of Wisconsin Foundation



2009 UNIVERSITY OF WISCONSIN ANNUAL REPORT ON STEWARDSHIP

We will remember 2009 for several reasons. It marked the beginning of a major transition for the UW Foundation as we searched for a new president and found the ideal candidate right here at home. Michael M. Knetter, dean of the School of Business, promises to be an outstanding leader. Sandy Wilcox leaves a legacy of tremendous growth and achievement, personal commitment and solid values. On behalf of the Board of Directors, I thank him for his dedication and his consistent vision.



PHOTO BY JEFFREY SALTER

I believe we also have weathered the economic storm of 2007 and 2008. While we were a bit buffeted and bruised, we also benefited from the wisdom of past decisions and policies that mitigated some losses. As you will note in the financial section of this annual report, the investment return on our endowment was 11.2 percent, up from a -23.3 percent in 2008. Payments to the University totaled more than \$250 million.

Foundation employees deserve a note of recognition for their efforts in 2009. In a year of challenges, they focused on the Foundation's core mission of matching donor interests to University priorities with professionalism and enthusiasm. As a team, they also embraced the Great People Scholarship Campaign with encouraging progress.

It is especially gratifying to report that you, our alumni and friends, remained as generous and devoted as ever. Your gifts, totaling more than \$156 million in 2009, make it possible for the University of Wisconsin-Madison to continue and to expand its mission of improving and enriching lives. Once again, the UW-Madison was recognized as one of the world's finest educational institutions. And, once again, your support—and your expectations—inspire and encourage.

My term as board chair has been an enlightening and satisfying experience. I met new friends who are as proud of our university as I am. I also worked with colleagues of long standing whose judgment and insight assure me that the Foundation is in capable hands. Thank you for this opportunity.

Sincerely,

PAUL COLLINS

Chair, University of Wisconsin Foundation



ANDREW "SANDY" WILCOX

ON BEHALF OF the UW Foundation staff, its Board of Directors and our valued alumni and friends, we extend our appreciation for Sandy's 22 years of leadership. His wisdom, energy and unflinching dedication to the principles and values of the Foundation have made the University of Wisconsin-Madison an institution that continually moves "forward."

Thank you, Sandy.



ACCESS UNIVERSITY OF

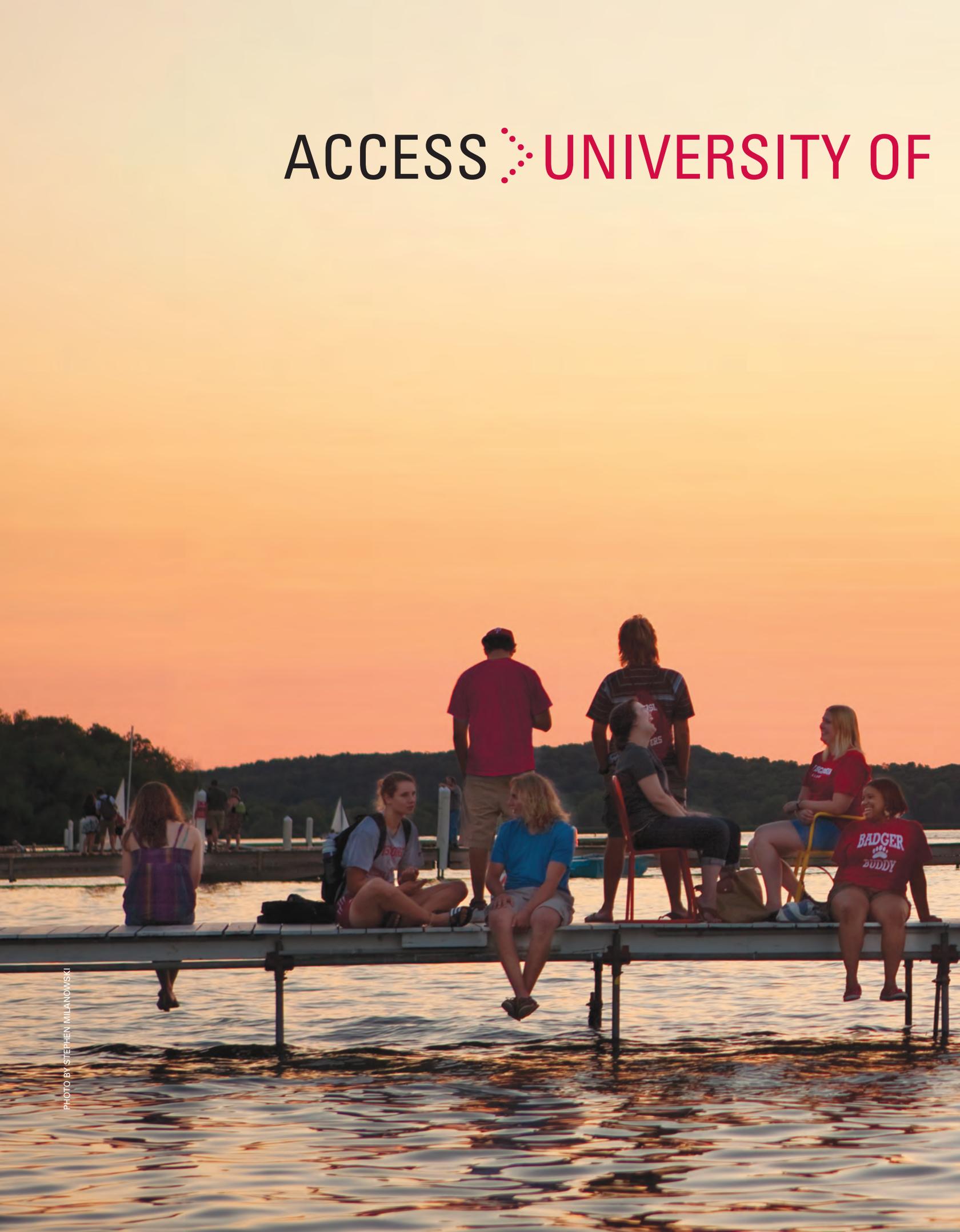


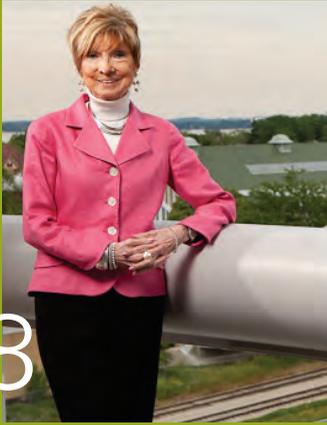
PHOTO BY STEPHEN MILANOWSKI

WISCONSIN - MADISON

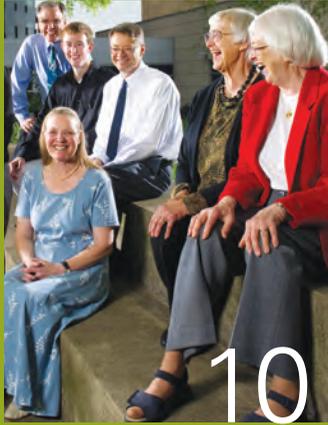
ACCESS. A WAY IN. A MEANS TO A DESTINATION. A PATHWAY TO GROWTH.

THANKS TO THE GREAT PEOPLE SCHOLARSHIP, THIS FALL 16 UNIVERSITY OF WISCONSIN-MADISON STUDENTS HAD A LITTLE LESS FINANCIAL WORRY AS THEY GAINED ACCESS TO SOME OF THE WORLD'S GREAT MINDS, EXPERIENCES TO LAST A LIFETIME, A FUTURE WITH UNTOLD POSSIBILITIES AND A CONNECTION WITH THE WORLDWIDE COMMUNITY OF BADGER ALUMNI AND FRIENDS.





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PARTNERSHIPS MAKE ALL THINGS POSSIBLE

THE UNIVERSITY OF WISCONSIN-MADISON and the state of Wisconsin have been partners for more than 160 years. The Wisconsin State Legislature, which provides about 19 percent of the University's budget, is a dynamic advocate for and critic of the University. Together, we are committed to keeping the University a vital contributor to the state's economy.

In 1861, the Wisconsin Alumni Association (WAA) was organized to serve alumni and keep them connected to the University. In 1925, the Wisconsin Alumni Research Foundation (WARF) was founded to share the benefits of and provide funding for new research. And, in 1945, the University of Wisconsin Foundation (UWF) was established to give alumni and friends the opportunity to invest in the University. As partners, WAA, WARF, UWF and the University form an effective and far-reaching collaboration to communicate the University's purpose and priorities.

The campus community is a complex network of partnerships. I am proud that so many diverse groups rallied to support the Madison Initiative for Undergraduates to improve access, affordability and needed services. In 2009, we awarded the first grants using Madison Initiative funds. This was truly an example of organizations and entities coming together for the common good.

This brief history of partnerships must include an especially indispensable and valued relationship: Our partnership with you, our loyal alumni and friends. Every day I witness the impact of your generosity. It is reflected in the faces of students for whom you opened the door to a UW-Madison education and in the facilities where you enable us to create knowledge.

Which of these partnerships is most important? All of the above. We rely on them, work to strengthen them and are grateful for them. The reason is simple: Partnerships make all things possible.

Thank you for a successful 2009.
On Wisconsin,



CAROLYN "BIDDY" MARTIN
Chancellor, University of Wisconsin-Madison



PHOTO BY DAVID NEVALA

ACCESS EDUCATION



PHOTO BY STEPHEN MILANOWSKI

ACCESS TO EDUCATION IS A COMPLEX PATH THAT INCLUDES YOUR STARTING POINT, PEOPLE OF SIGNIFICANCE, PLACES OF IMPORTANCE AND THE FOOTPRINTS YOU LEAVE BEHIND FOR OTHERS TO FOLLOW. WHEN DAPHNE NEWMAN STASSIN THINKS ABOUT HER EDUCATION, SHE THINKS ABOUT THE INDIVIDUALS WHO INFLUENCED AND ENCOURAGED HER. WHEN THE CONGER SISTERS RECALL THEIR EDUCATION, THEY TELL STORIES OF LIVING AND LEARNING IN THE NURSES' DORMITORY AT 1402 UNIVERSITY AVENUE. PLANNED GIFTS TODAY PREPARE THE WAY FOR TOMORROW'S STUDENTS.

“I received scholarships and grants with names attached, and it means more because you know something about the individual who is making it possible for you to attain your educational goals.”

DAPHNE NEWMAN STASSIN, DONOR

ACCESS EDUCATION

THREE OF THE FOUR CONGER SISTERS FROM KOHLER, WISCONSIN, CAME TO THE UNIVERSITY OF WISCONSIN-MADISON TO STUDY NURSING. THE LATE RUTH ('47 ZC, '49 BS, NUR), KATINKA ('53 ZC, NUR) AND SARAH ('54 ZC, NUR) CONGER LIVED IN THE NURSES' DORMITORY, WHERE THEY BUILT ENDURING CONNECTIONS TO THEIR PROFESSION AND FELLOW NURSES. IN REMEMBRANCE OF THIS SPECIAL PLACE ON CAMPUS AND IN THEIR LIVES, KATINKA AND SARAH, SHOWN SEATED ON THE FACING PAGE, HAVE MADE GIFTS TO THE NEW NURSING SCIENCES CENTER SO THAT A GRADUATE STUDENT ROOM BEARING THE CONGER NAME WILL CONTINUE THE TRADITION OF A SPECIAL PLACE FOR WISCONSIN NURSES.

EDUCATION IS A FAMILY VALUE

Daphne Newman Stassin has felt at home on the campus of the University of Wisconsin-Madison since she was a child. Her mother was a high school teacher who often took summer courses at the University, living in a residence hall with her only child in tow. Stassin's father emigrated from Greece and had no opportunity for higher education, but he read voraciously. Through her planned gifts, Stassin's generosity will cover her beloved campus and impact future teachers, farmers and diplomats.

After Stassin completed her bachelor's degree in history at UW-Madison in 1959, she traveled, studied and lived throughout the country and around the world, earning a master's of education degree in counseling and a doctorate in history. As she taught history and worked in educational counseling settings, she always was looking for ways to create paths for students who did not have the same access to the education she'd enjoyed.

Her professional positions include assistant dean of students at a historically black college/university under federal desegregation orders and director of research and development at the tribal college of the Lac Courte Oreilles Ojibwa in northern Wisconsin. Stassin's experience, skill and cultural sensitivity made her a sought-after educational consultant throughout her career.

Now making estate plans, Stassin continues to create access to education by establishing four unique scholarships for disadvantaged students. In memory of her grandmother, who kept the family farm afloat during the Depression and encouraged her daughter and granddaughter to pursue higher education, Stassin created a scholarship in the College of Agricultural and Life Sciences Department of Dairy Science, and, in the names of her late parents, a graduate student study abroad scholarship and a scholarship in the School of Education Department of Curriculum and Instruction. In her own name, she has established a fellowship in European Diplomatic History.



PHOTOS BY DAVID NEVALA

ACCESS OPPORTUNITY



THE DEPARTMENT OF ECONOMICS IN THE COLLEGE OF LETTERS AND SCIENCE IS SEIZING **ACCESS TO OPPORTUNITY** TO BOLSTER ITS ALREADY IMPRESSIVE NATIONAL POSITION BY COMBINING VIGOROUS SUPPORT FROM DONORS WITH CHANCELLOR BIDDY MARTIN'S MADISON INITIATIVE FOR UNDERGRADUATES.

RECRUITING THE BEST

The Madison Initiative for Undergraduates is incrementally increasing undergraduate tuition to provide support for in-demand majors, student services and financial aid. In the first two rounds of Madison Initiative awards on campus, the Department of Economics has been awarded eight faculty positions.

The department has been able to leverage those future positions with three recent major gifts establishing named chairs. The result: Donor-fueled packages of research support have attracted new star faculty in a down economy, with Madison Initiative hires to follow.

Among the new faculty added are Kenneth Hendricks, specializing in industrial organization, from the University of Texas at Austin; Christopher Taber, a labor economist recruited from Northwestern University; Lones Smith, who focuses on economic theory, from the University of Michigan, and Randall Wright, a macroeconomist from the University of Pennsylvania.

"It was nice to get these slots at a time when our competitors were constrained," said Professor Ananth Seshadri, chair of the department. "It shows that the University and the College value our department, and that means so much to the faculty we're recruiting and the donors who make these remarkable gifts."

"Madison is an ideal place to live for my family. The package that donor support has made possible is really the only way a public university like Wisconsin can compete with the leading private schools."

NEW FACULTY MEMBER CHRISTOPHER TABER, LEFT, A LEADING LABOR ECONOMIST. HE LEFT NORTHWESTERN UNIVERSITY FOR UW-MADISON AND ALSO WAS RECRUITED BY DUKE UNIVERSITY.

PHOTO BY DAVID NEVALA

ACCESS OPPORTUNITY

KOHL'S DEPARTMENT STORES MADE A MAJOR GIFT NAMING THE "KOHL'S DEPARTMENT STORES CENTER FOR RETAILING EXCELLENCE" IN THE UNIVERSITY OF WISCONSIN-MADISON SCHOOL OF HUMAN ECOLOGY (SOHE). FOR THE LAST TWO YEARS, KOHL'S ALSO HAS PARTNERED WITH THE CENTER TO ELEVATE THE ANNUAL RUNWAY FASHION SHOW INTO A HIGH-PROFILE EVENT THAT INCLUDES A STUDENT DESIGN GALLERY, SHOWN ON THE FACING PAGE.

RETAIL: MORE THAN MEETS THE EYE

"It's a great opportunity for our design students, for those in graphic design, for models who want to build a portfolio, for retail-marketing students and those who want to work on promotion, and the design students who are featured talents," said center Executive Director Jerry O'Brien. "The runway show and gallery provide our students the chance to learn what it takes to set up and run a major event. Kohl's is setting a wonderful example for how corporate entities can get involved, and the students are getting a richer, more valuable experience as a result."

The center has 24 corporate partners supporting its various programs, and the placement rate for its graduates is more than 90 percent.

Those corporate partners' gifts fund the salaries for O'Brien and an outreach coordinator, as well as half the salary for an internship coordinator.

Gifts also support a faculty director, attendance at conferences, networking events on campus, corporate visits and international trips, as well as many services for students. "We do a lot to help students prepare for the industry and network with the industry," O'Brien said.

Through the SoHE's retail major, the center interacts with close to 200 students. "We also work with marketing majors, journalism majors, economics majors, industrial engineering majors and supply chain people," O'Brien said. Counting students in various degree programs, the center touches somewhere between 450 and 500 students a year.

The center has made a major impact in clearing up misconceptions about the retail industry. "You mention 'retail' to many students, and they think either 'buyer' or 'store manager,'" O'Brien said. "It's much more than that. Our design students work on product development, supply chain issues, overseas sourcing, community action through things like corporate giving programs. We are helping students expand their definition of what retail is and see if they fit."

Corporate involvement also helps bring high-powered speakers to campus, such as the chair of Kohl's and the chief executive officer of Christopher & Banks. "That helps the students get a nice broad picture," O'Brien said. "The executives talk about their companies and how they developed their careers. They're very frank, and we have great conversations."

“We are helping students expand their definition of what retail is and see if they fit.”

JERRY O'BRIEN, EXECUTIVE DIRECTOR
KOHL'S DEPARTMENT STORES CENTER FOR RETAILING
EXCELLENCE IN THE SCHOOL OF HUMAN ECOLOGY



PHOTOS BY TIMOTHY HUGHES

ACCESS DISCOVERY

ACCESS TO DISCOVERY MEANS AARON HELLER, LEFT, THE FIRST RECIPIENT OF THE JAMES L. DAVIS MEMORIAL GRADUATE SUPPORT FUND, CAN STUDY THE NEUROBIOLOGY OF DEPRESSION TO DEVELOP TARGETED INTERVENTIONS. REGINA LAPATE, THE SECOND RECIPIENT, EXPLORES HOW EMOTIONAL AWARENESS MIGHT HELP OVERCOME NEGATIVE EXPERIENCES. THE GEODESIC SENSOR NET AND ELECTRODES THAT THEY WEAR ARE AMONG THE TOOLS THEY USE.

CHANGE YOUR MIND

The University of Wisconsin-Madison consistently ranks as one of the nation's top three research universities, and it is dedicated to providing opportunities for students to engage in discovery. Graduate students such as Aaron Heller and Regina Lapate are the backbone of the research enterprise, and graduate support ensures the UW-Madison can attract the most curious and creative applicants.

Heller uses functional Magnetic Resonance Imaging to look at the biological causes underlying the ability to experience pleasure. The relatively new technology allows scientists to observe which parts of the brain are involved in specific functions. Lapate studies the necessary components for emotional regulation.

Michelle Davis established the James L. Davis Memorial Graduate Support Fund to encourage neuro-imaging research targeting depression. It honors the husband she lost to a motorcycle accident 13 months after they were married. "James was incredibly intelligent and empathetic, and he always saw the shades of gray in life," she said. "One day he dreamed of using his programming skills with supercomputers to help the study of major medical illnesses."



A woman with long, wavy brown hair is standing outdoors against a clear blue sky. She is wearing a blue short-sleeved button-down shirt with a white polka-dot pattern and a dark tie at the waist. Several small, blue EEG sensors are attached to her forehead and temples, with thin wires extending from them. The background shows a blurred line of green trees under bright sunlight.

“I hope one day we can understand the etymology of depression and help end the suffering within us all. I thank the scholarship recipients for their dedication to research that honors my husband and all those who feel trapped by the disease.”

MICHELLE DAVIS, DONOR

ACCESS DISCOVERY

DOROTHY FEIR ('60 PHD, ALS) WAS A GROUNDBREAKER. FIRST FEMALE FACULTY MEMBER IN THE ST. LOUIS UNIVERSITY BIOLOGY DEPARTMENT. FIRST WOMAN ELECTED TO THE GOVERNING BOARD OF THE ENTOMOLOGICAL SOCIETY OF AMERICA. FIRST FEMALE PRESIDENT OF THE SOCIETY. IN ESTABLISHING THE LILLIAN AND ALEX FEIR GRADUATE STUDENT FELLOWSHIP FUND, SHE IS MAKING IT POSSIBLE FOR GRADUATE STUDENTS TO ALSO EXCEL.

“For me, the fellowship makes all the difference in the world. It’s enough to support me, and I can focus on working here.”

TIM CARLSON ('08 BS, ALS)

BEYOND BUGS

The Feir Fellowship helped Tim Carlson ('08 BS, ALS), right, finish his master’s program in entomology in August. He worked to find ways to deliver an insecticidal toxin, BT, to control thrips, tiny, slender insects that attack plants, from leeks, peppers and tomatoes to ornamental crabs and roses.

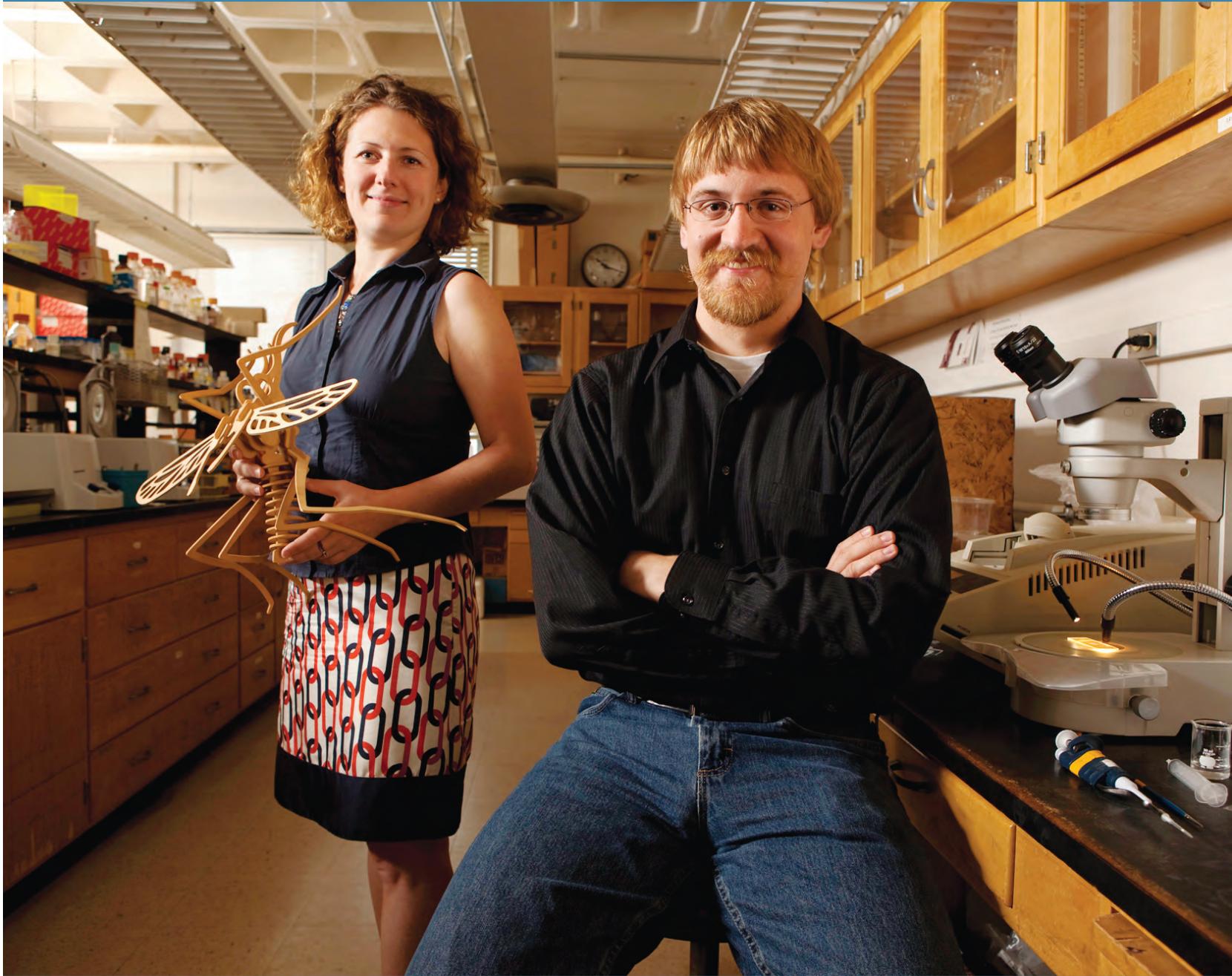
“For me, the fellowship makes all the difference in the world,” he said. “It’s enough to support me, and I can focus on working here.”

Irina Vyazunova ('08 PhD, ALS), left, who also received the fellowship as she finished her doctorate in entomology, helped unravel the molecular biology of mosquitoes as part of an effort to identify environmentally friendly compounds to control the insects.

Dorothy Feir is well-known in the entomology world, Vyazunova said. “She was very generous.”

Feir was especially interested in helping graduate students, Entomology Department Chair Walt Goodman said. The fellowship allows the department to respond quickly to graduate student need and attract the “best of the best.”

Feir was one of the first women to earn a PhD in entomology at the UW-Madison and, years later, she told Goodman how much she resented being asked to make coffee every day for her lab. There were no women entomology faculty in 1960; today there are four women and seven men. Whoever takes the last cup makes the next pot of coffee.



ACCESS SUPPORT

GIFTS FROM FRIENDS AND ALUMNI PROVIDE ACCESS FOR STUDENTS, FACULTY AND STAFF, AND ALL THOSE WHO CARE ABOUT THE UNIVERSITY AND ITS CONTRIBUTIONS TO THE WORLD. ACCESS WILL BUILD A FUTURE WE CANNOT YET IMAGINE AND CREATE NEW STORIES THAT WILL ONE DAY BE TOLD. AND FOR THAT, WE THANK YOU.

CONTINUING YOUR SUPPORT

The Foundation engages those who care about the University, provides opportunities to enhance the University's teaching, research and outreach programs, and guarantees ethical stewardship of the gifts received. We thank you for your support. Your gift, whatever its size, does make a difference.

The Foundation offers a variety of gift options you may wish to explore. A member of the Foundation staff would be pleased to meet with you, at no obligation, to answer your questions about supporting the UW-Madison. Please contact us at 608-263-4545 or visit supportuw.org for more information or to make an online gift.

University of Wisconsin Foundation

1848 University Avenue
Madison, WI 53726

Philanthropy will mean the difference between the maintenance of a great university and the evolution of an extraordinary one.

2009 FINANCIAL REPORT

FEW WOULD SUGGEST that the lingering effects of the financial crisis have been completely muted. In fact, we continue to face a challenging economic reality. Yet, after experiencing one of the most difficult economic periods our country has ever endured, 2009 was a welcome respite. Viewed solely from a performance perspective, the endowment returned 11.2 percent. While we do not attempt to measure our investment operation over such short time horizons, we are nonetheless pleased with performance that exceeded our long-term endowment expectations.

Financial highlights for 2009 include total assets under management of nearly \$2.417.5 billion; contributions, including pledges receivable, totaling \$156,118,593, and more than \$250 million in support transferred to or for the benefit of the University of Wisconsin.

It is extremely gratifying to continue working with donors and a board of directors who express their passion for ensuring the University of Wisconsin remains one of the world's great universities. Thank you for your willingness to be engaged and support this institution that means so much to each of us.

Portions of this financial report were drawn from the Foundation audit completed by an independent accounting firm. Copies of the complete audit are available upon request. The University of Wisconsin Foundation complies with all applicable federal and state reporting requirements.

JENNIFER L. KIDON DE KREY
Chief Financial Officer
University of Wisconsin Foundation

THOMAS P. OLSON
Chief Investment Officer
University of Wisconsin Foundation



ENDOWMENT FUNDS

ENDOWMENT FUNDS represent an extremely important asset base that provides current and future revenues to the University of Wisconsin. The University of Wisconsin Foundation staff, along with the Investment Committee of the Foundation's Board of Directors, manages the endowment fund on a total return basis. This allows the endowment to be invested with a long-term perspective and an emphasis on diversified equity-related strategies.

PERFORMANCE

Average Annual Total Net Returns

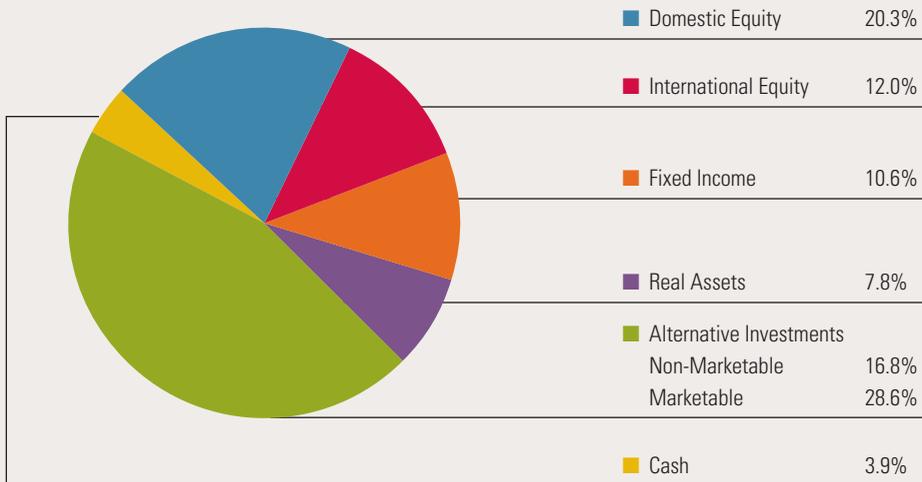
1 year =	11.2%
3 years =	-1.5%
5 years =	4.0%
10 years =	2.5%

Investments made in the endowment fund are selected to maintain annual spending, provide for expenses and ensure long-term growth of the principal. The Foundation allocated the annual income based on a spending plan rate of 4.75 percent. This rate, reviewed annually by the Board of Directors, was then multiplied by the average market value of the total endowment fund for the most recent 12 quarters.

The table on this page shows the total return figures, and the chart on the next page shows asset allocation of the Foundation's endowment fund as of December 31, 2009. The long-term asset allocation target for the endowment fund is 20 percent domestic equities, 13 percent international equities, 10 percent fixed income, 30 percent marketable alternative strategies, 12 percent real assets and 15 percent non-marketable alternative strategies. The endowment fund asset allocation targets have been established to ensure overall portfolio diversification while providing a return necessary to meet the investment objectives.

ASSET ALLOCATION AS OF DECEMBER 31, 2009

Total Endowment Fund Assets: \$1,578,220,604



ASSETS UNDER MANAGEMENT 2004–2009



Assets under management have grown from \$1.955.5 billion as of December 31, 2004, to \$2.417.5 billion as of December 31, 2009, as reflected in the graph above. More than 113,000 gifts were received in 2009.



UNIVERSITY OF WISCONSIN FOUNDATION STATEMENT OF FINANCIAL POSITION

YEAR ENDED DECEMBER 31, 2009

ASSETS	2009
Cash and cash equivalents	\$208,951,904
Margin deposits for futures contracts	1,890,000
Income receivable	59,489,147
Prepaid expenses	800,554
Futures contracts	9,962,512
Pledges receivable, net	88,560,294
Investments	2,006,589,268
Collateral under securities lending agreement	17,744,103
Property and equipment, net	7,251,291
Real estate	3,745,686
Notes receivable	1,579,097
Other assets	10,909,394
TOTAL ASSETS	\$2,417,473,250

LIABILITIES AND NET ASSETS

Accounts payable	\$4,339,924
Interest rate swap	5,977
Accrued expenses and other payables	1,813,532
Payable under securities lending agreement	18,509,043
Deferred compensation	1,257,058
Notes payable	4,503,255
Liability under split-interest agreements	35,761,114
Funds due to other organizations	238,695,080
TOTAL LIABILITIES	304,884,983

NET ASSETS

Unrestricted	185,514,394
Temporarily restricted	1,177,631,639
Permanently restricted	749,442,234
	2,112,588,267

TOTAL LIABILITIES AND NET ASSETS	\$2,417,473,250
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UNIVERSITY OF WISCONSIN FOUNDATION STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2009

	Unrestricted	Temporarily restricted	Permanently restricted	Total
REVENUES, GAINS (LOSSES) AND OTHER SUPPORT				
Contributions	\$2,465,893	\$123,827,612	\$29,825,088	\$156,118,593
Interest and dividend income	3,312,857	9,017,300	-	12,330,157
Realized losses on investments and futures contracts	(5,039,235)	(23,346,421)	-	(28,385,656)
Unrealized gains on investments and futures contracts	22,953,547	260,159,441	-	283,112,988
Other income	17,377	389,061	-	406,438
Reclassifications of net assets due to changes in donor restriction	-	(5,474,677)	5,474,677	-
Net assets released from restriction	296,012,056	(296,012,056)	-	-
Total revenues, gains (losses) and other support	319,722,495	68,560,260	35,299,765	423,582,520
EXPENSES				
Payments to or for University of Wisconsin	250,985,144	-	-	250,985,144
Management and general expenses	16,203,380	-	-	16,203,380
Fundraising expenses	13,280,363	-	-	13,280,363
Total expenses	280,468,887	-	-	280,468,887
Increase in net assets before reclassification due to change in law	39,253,608	68,560,260	35,299,765	143,113,633
Reclassification of accumulated gains on endowment funds pursuant to the enactment of the Wisconsin Uniform Prudent Management of Institutional Funds Act	(1,060,587)	1,060,587	-	-
INCREASE IN NET ASSETS	38,193,021	69,620,847	35,299,765	143,113,633
Net assets at beginning of year	147,321,373	1,108,010,792	714,142,469	1,969,474,634
Net assets at end of year	<u>\$185,514,394</u>	<u>\$1,177,631,639</u>	<u>\$749,442,234</u>	<u>\$2,112,588,267</u>

EXPENSES

THE UNIVERSITY OF WISCONSIN FOUNDATION staff and Board of Directors believe strongly that expense management is a top priority in achieving good stewardship. An important part of stewardship for a charitable organization is the ratio of administrative expenses to contributions. Figures below show the Foundation's administrative expenses compared to contribution revenue for the past five years. Administrative expenses, excluding investment expenses, are compared to contributions to reflect the cost of raising a dollar. Total administrative expenses include investment expenses incurred by the Foundation's external investment activity. These expenses are paid directly from the individual investment funds. Over the past five years, the Foundation's average cost of raising a dollar has been 9.5 percent, well below national averages.

UNIVERSITY OF WISCONSIN FOUNDATION ADMINISTRATIVE EXPENSES AS A PERCENT OF CONTRIBUTIONS

	<i>Administrative Expenses (excluding investment expenses)</i>	<i>Total Contributions</i>	<i>Administrative Expenses (excluding investment expenses) as % of Contributions</i>	<i>Total Administrative Expenses</i>
2009	\$20,882,697	\$156,118,593	13.4%	\$29,483,743
2008	25,339,190	160,979,453	15.7%	33,451,702
2007 <i>(unaudited)</i>	19,555,283	334,390,947	5.9%	32,564,664
2006	17,129,624	193,010,650	8.9%	25,430,410
2005	16,147,286	194,665,311	8.3%	23,222,027
5-year totals	\$99,054,080	\$1,039,164,954	9.5%	\$144,152,546

Note: 2007, 2008 and 2009 figures are reported on the accrual basis of accounting; preceding years are reported on a modified cash basis of accounting.

TOTAL ADMINISTRATIVE EXPENSES 2009

Administrative expense - banking fees	\$43,088
Administrative expense - payroll	43,084
Bad debt expense	2,140,648
Brochures and printed matter	726,117
Computer equipment and software	226,028
Computer maintenance and supplies	124,420
Computer programming and processing	67,869
Consulting expense	129,274
Contracted services	132,290
Credit card fees	212,102
Depreciation expense - building	245,721
Depreciation expense - capital leases	141,162
Depreciation expense - furniture and fixtures	79,880
Equipment purchased	41,354
Insurance - general	190,105
Insurance for employees	1,125,235
Interest expense on mortgage	404,579
Investment and administrative expenses	
Endowment fund	7,549,016
Expendable fund	11,856
Life estates	368,447
Short-term investments	671,727
Lease payments - parking	135,825
Mailing expense	56,253
Meeting expense	127,314
Miscellaneous expense	24,083
Paper products and cleaning supplies	15,155
Postage and express	386,490
Professional services - accounting	258,221
Professional services - legal	136,673
Promotion and premiums	51,894
Purchased labor	61,280
Real estate taxes	36,012
Repairs and maintenance	70,335
Retirement plan contribution and expense	1,306,834
Salaries	10,897,512
Special events and projects	93,091
Social Security taxes	747,975
State and federal tax expense/(receivable)	(505,943)
Stationery and office supplies	168,292
Telephone	139,646
Travel and subsistence	422,715
Unemployment compensation	2,936
Utilities	177,148
TOTAL	<u><u>\$29,483,743</u></u>

PAYMENTS TO OR FOR THE UNIVERSITY OF WISCONSIN 2009

College of Agricultural and Life Sciences	\$5,324,945
Arboretum	1,118,111
Division of Intercollegiate Athletics	20,374,696
Wisconsin School of Business	32,978,562
Division of Continuing Studies	226,731
School of Education	15,919,336
College of Engineering	14,784,044
Graduate School	5,449,436
School of Human Ecology	3,025,029
International Studies and Programs	94,044
Law School	4,103,041
College of Letters and Science	25,734,277
Libraries	1,084,208
School of Medicine and Public Health	84,423,996
Miscellaneous	24,150,077
Multicultural Programs (Chancellors Scholarships)	261,848
Nelson Institute for Environmental Studies	790,857
School of Nursing	1,040,382
School of Pharmacy	822,471
Student Services Unit	2,374,359
Unrestricted	645,435
UW Hospitals and Clinics	2,812,129
School of Veterinary Medicine	3,020,152
Wisconsin Union	426,978
TOTAL PAYMENTS	<u><u>\$250,985,144</u></u>

DEFERRED GIFTS AND YOUR ESTATE PLAN

BEQUESTS are the simplest form of a deferred gift. They are clearly the most popular form of deferred gift at Wisconsin with more than 90 percent of the deferred gifts received coming from estate provisions, either made through a simple will or trust.

There are other possibilities including various forms of life income gifts, gifted insurance policies and gifts of retirement plan assets.

People accomplish many goals with bequests and other deferred gifts. Some are used for the greatest needs of the University. Most, however, are restricted in some way, at least to a specific department or use (such as undergraduate scholarships). Some are intended to be used outright and some become permanent endowment funds for a specific purpose. Endowment gifts are those in which the principal is not spent, but held and invested. The annual earnings from an endowment fund are then used by the University for the purpose the donor specified. Endowments provide a permanent stream of income on which the named University division can rely for its future needs.

If you are exploring the possibility of making a deferred gift, we hope that you choose to consult with the gift planners at the Foundation. The Foundation regularly works with people like you, your attorneys and other advisors in the gift planning process. We can assist in various ways including identifying the current correct legal names of departments or units, as well as consulting with you on the type of gift that may be best suited to your needs and suggesting language that will carry out your wishes.

The chart on the next page details the deferred gifts that the Foundation has received in 2009. The Bequests, Trusts and Insurance category includes cash and assets received from individuals who have passed on and left gifts to the Foundation. The other categories refer to various forms of life income gifts through which someone has made a gift, but retained for themselves or gifted to others the right to receive income.

When you consider leaving a legacy that will benefit the University of Wisconsin-Madison, you have a number of choices. You need to decide whether using a simple bequest is the best for you, or if something more complex, like a life income gift, better meets your needs.

The gift planning staff at the Foundation can assist you and your advisors in this process, explaining how various life income plans work and suggesting language to use that will carry out your wishes.

For a general gift to the University, we suggest language along the following lines:

I hereby give, devise and bequeath to the University of Wisconsin Foundation, a non-profit, non-stock Wisconsin corporation with principal offices in Madison, Wisconsin _____ percent (_____%) of the rest, residue and remainder of my estate (or alternately the sum of \$_____) for the general benefit of the University of Wisconsin-Madison.

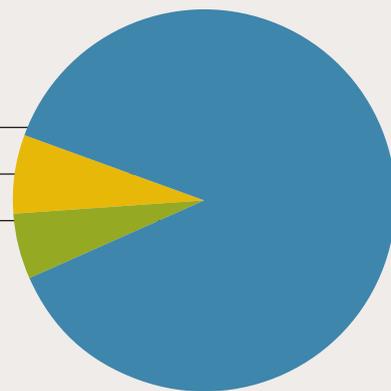
The Foundation also can supply sample language for other gift situations that require greater specificity.

NUMBER OF GIFTS RECEIVED 2009

Bequests, Trusts and Insurance	99
Gift Annuities (including deferred)	25
Charitable Remainder Trusts	7
Total Foundation Deferred Gifts	131

YEAR 2009

■ Bequests, Trusts and Insurance	\$23,672,476
■ Gift Annuities	\$1,787,480
■ Charitable Remainder Trusts	\$1,431,510
Total Foundation Deferred Gifts	\$26,891,466



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